

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
September 23, 2009  
Staff Report  
*REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT*

Prepared by: Richard Fischer

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:**  
**Tax-exempt:** \$17,000,000

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**Project Information:**  
**Name:** Modena, Spoleto and Tuscany Apartments (Scattered Site)  
**Project Address:** 711 Colorado Avenue; 1437 5th Street; 1514 7th Street  
**Project City, County, Zip Code:** Santa Monica, Los Angeles, 90401

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**Project Sponsor Information:**  
**Name:** To Be Formed Limited Partner ( 57C LLC (NMS Family Living Trust)) and Hearthstone Housing Foundation  
**Principals:** Naum Neil Shekhter and Margot Shekhter

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Underwriter:** Hutchinson, Shockey, Erley and Company  
**Credit Enhancement Provider:** East West Bank  
**TEFRA Hearing Date:** August 11, 2009

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**Description of Proposed Project:**  
**State Ceiling Pool:** General  
**Total Number of Units:** 78, plus no manager units  
**Type:** New Construction  
**Type of Units:** Family

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**Description of Public Benefits:**  
**Percent of Restricted Rental Units in the Project:** 83%  
83% (65 units) restricted to 50% or less of area median income households.  
**Unit Mix:** Studio & 2 bedroom

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**Term of Restrictions:**  
**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$	19,275,000	
<b>Estimated Hard Costs per Unit:</b>	\$	152,128	(\$11,866,000 /78 units)
<b>Estimated per Unit Cost:</b>	\$	247,115	(\$19,275,000 /78 units)
<b>Allocation per Unit:</b>	\$	217,949	(\$17,000,000 /78 units)
<b>Allocation per Restricted Rental Unit:</b>	\$	261,538	(\$17,000,000 /65 restricted units)

<b>Sources of Funds:</b>	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,000,000	\$ 17,000,000
Developer Equity	\$ 2,275,000	\$ 2,275,000
Total Sources	\$ 19,275,000	\$ 19,275,000

<b>Uses of Funds:</b>	
Acquisition Costs	\$ 114,958
New Construction Costs	\$ 12,645,000
Architectural	\$ 165,000
Survey & Engineering	\$ 200,000
Contingency Costs	\$ 948,042
Construction Period Expenses	\$ 1,958,000
Permanent Financing Expenses	\$ 555,500
Legal Fees	\$ 55,000
Capitalized Reserves	\$ 75,000
Reports & Studies	\$ 5,000
Other (Marketing, etc)	\$ 162,500
Developer Costs	\$ 2,391,000
Total Uses	\$ 19,275,000

**Legal Questionnaire:**

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

**Total Points:** 88 out of 118  
[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$17,000,000 in tax exempt bond allocation on a carryforward basis.

The CDLAC bond issuance deadline shall be 1) the project specific California Tax Credit Allocation Committee closing deadline for January 27, 2010 TCAP/Exchange awards or 2) August 25, 2010 for those applicants unsuccessful in obtaining a TCAP/Exchange award on January 27, 2010.

**ATTACHMENT A**

**EVALUATION SCORING:**

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	10
Gross Rents	5	5	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	5
New Construction	10	10	10
Sustainable Building Methods	8	8	8
Negative Points	-10	-10	0
<b>Total Points</b>	<b>118</b>	<b>98</b>	<b>88</b>

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.